



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

July 28, 1992

Mr. Robert Lambert
First Security Bank
79 South Main Street, Suite 1100
Salt Lake City, Utah 84111

Dear Mr. Lambert:

Re: Surety Release, MiVida Mine, Minerals West, Incorporated, M/037/028, San Juan County, Utah

The Division requests that First Security Bank release the funds set aside pursuant to an Escrow Agreement signed April 23, 1980, by this Division, First Security Bank and Minerals West, Inc. With the submission of the attached Mutual Acknowledgement of Termination form, signed by the responsible entities as described in the April 23, 1980 Escrow Agreement, the conditions for release of the surety have now been satisfied.

The Division hereby requests that First Security Bank of Utah provide the State of Utah, Division of Oil, Gas and Mining with a check for the entire escrow amount (\$19,569, plus any additional accrued interest). This amount represents the full amount of surety to be forfeited under the provisions of the April 23, 1980 Escrow Agreement for Minerals West, Incorporated (copy attached). Also attached is a copy of the signed January 13, 1992, Board of Oil, Gas and Mining Order, authorizing the Division of Oil, Gas and Mining to utilize the forfeited funds to perform reclamation of the MiVida Mine site.

Thank you for your assistance in this matter. If you have any questions, please call me, Wayne Hedberg or Holland Shepherd of my staff.

Sincerely,

Dianne R. Nielson
Director

jb
Attachment

cc: Jim Carter, BOGM
Lowell Braxton, DOGM

M037028

an equal opportunity employer

MUTUAL ACKNOWLEDGEMENT OF TERMINATION
MINED LANDS RECLAMATION ESCROW AGREEMENT

WHEREAS Minerals West, Inc., as Operator of the MiVida Mine, and the Board of Oil, Gas and Mining entered into a Mined Lands Reclamation Agreement dated April 23, 1980, which complied with the requirements of Utah Code Ann. § 40-8-14 concerning surety, by the simultaneous execution of an Escrow Agreement of even date.

WHEREAS First Security Bank, as Escrowee, cannot disburse funds held pursuant to that Escrow Agreement without an Order of Disbursal from a Court or written direction from the Operator and the Board.

WHEREAS the Board of Oil, Gas and Mining entered a final Order dated January 13, 1992 directing that the escrow fund held by First Security Bank as Escrowee under that Escrow Agreement dated April 23, 1980, be forfeited and paid to the Division of Oil, Gas and Mining, of the State of Utah, for use in reclaiming the MiVida Mine.

THEREFORE the undersigned, on behalf of the Operator, Minerals West, Inc., and the Board of Oil, Gas and Mining do hereby terminate the Reclamation Agreement and Escrow Agreement of April 23, 1980, and direct the Escrowee, First Security Bank to release all sums held at the Monticello, Utah Branch pursuant to the April 23, 1980 Escrow Agreement to the Division of Oil, Gas and Mining.

OPERATOR:

Minerals West, Inc/

Operator Name (Please type or print)

By Thomas M. Nielson, President
Corporate Officer - Position

6/4/92
Date

Thomas M Nielson
Signature

STATE OF Arizona)
COUNTY OF Pima)

RECEIVED

JUN 08 1992

DIVISION OF
OIL GAS & MINING

On the 5 day of May JUNE, 1992, personally appeared before me Thomas M. Nielson who being by me duly sworn did say that he/she, the said Thomas M. Nielson is the President of Minerals West, Inc and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Thomas M. Nielson duly acknowledged to me that said company executed the same.

Jennifer R. Gonzales
Notary Public
Residing at: ucson, Az

My Commission Expires January 15, 1994

My Commission Expires:

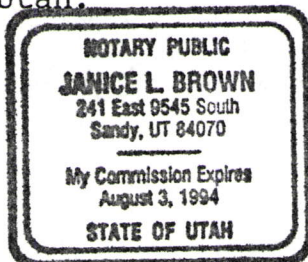
BOARD OF OIL, GAS AND MINING:

By [Signature]
James W. Carter, Chairman

7/28/92
Date

STATE OF Utah)
COUNTY OF Salt Lake)

On the 28th day of July, 19 92, personally appeared before me, who being duly sworn did say that he/she, the said JAMES W. CARTER is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.



Janice L. Brown
Notary Public
Residing at: Sandy, Utah

8/3/94
My Commission Expires:

RECEIVED

JUN 08 1992

DIVISION OF
OIL GAS & MINING

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH

IN THE MATTER OF THE BOARD)	ORDER
ORDER TO SHOW CAUSE ISSUED)	
TO MINERALS WEST, INC.'S)	DOCKET NO. 91-045
MIVIDA MINE,)	CAUSE NO. M/037/028
SAN JUAN COUNTY, UTAH)	
)	

By Formal Petition dated October 23, 1991, the Division of Oil, Gas and Mining, "Division," petitioned the Board of Oil, Gas and Mining, "Board," for an Order authorizing the Division to enter upon and perform reclamation on land known as the MiVida Mine, located in San Juan County, Utah, and owned by Minerals West, Inc. Thomas M. Nielson, President. This matter was heard by the Board during its December 5, 1991 hearing.

Because of Minerals West, Inc.'s failure to secure all mine openings and perform other maintenance on the site to eliminate public safety and environmental hazards at the MiVida Mine, the Division requested that the Board issue an order authorizing the Division to reclaim the MiVida Mine site. Funds from the forfeited (\$19,569) reclamation surety would be used to reclaim the mine site. This surety had been posted for the purpose of reclamation of disturbances associated with the MiVida Mine Project. The following Board Members, constituting a quorum, were present and participated in the hearing and in the decision embodied herein:

James W. Carter, Chairman
E. Steele McIntyre
Judy F. Lever
John M. Garr
Kent G. Stringham

Jay Christensen
Raymond Murray

Members of the staff of the Division of Oil, Gas and Mining present at
and participating in the hearing included:

Dr. Dianne R. Nielson, Director
Division of Oil, Gas and Mining

Holland W. Shepherd, Senior Reclamation Specialist
Division of Oil, Gas and Mining

Thomas A. Mitchell, Assistant Attorney General of the State of Utah,
also participated in the hearing on behalf of the Division of Oil, Gas and Mining.

Based upon the record and the testimony given during the December
5, 1991 hearing, the Board finds as follows:

FINDINGS

1. Minerals West, Inc. has failed to meet the time deadlines established by the Division and Board for compliance with the permitting requirements for the MiVida Mine site (M/037/028), San Juan County, Utah.
2. Minerals West, Inc. has failed to comply with the statutory requirements of Utah Code Ann. § 40-8-7 and Utah Admin. R. 613-004-113, which require an operator to eliminate public safety and environmental hazards upon cessation of mining operations.

CONCLUSION

The Board concludes that Minerals West, Inc. has demonstrated a knowing and willful pattern of violation of the Utah Mined Land Reclamation Act, Utah Code Ann. § 40-8-1, et seq. 1988, and the rules promulgated pursuant to statute.

ORDER

The Board finds Minerals West, Inc. in violation of the Utah Mined Land Reclamation Act and rules pursuant to Utah Code Ann. § 40-8-9, as set forth above. Because of Minerals West, Inc.'s failure to meet the deadlines for compliance imposed by the Division, the Board hereby orders that Minerals West, Inc. permit number M/037/028 be revoked and the reclamation surety in the amount of \$19,569 (and whatever additional amount currently exists in the account) be forfeited.

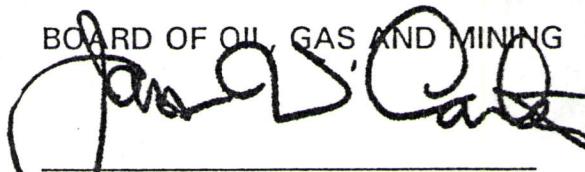
The Board orders the Division of Oil, Gas and Mining to prepare a detailed reclamation plan for those disturbances associated with Minerals West, Inc.'s operations at the MiVida Mine site. The plan should include, to the extent practical, provisions for remediation of any imminent public health and safety concerns which may pose a threat to the general public and local residents.

The Board hereby authorizes the Division to utilize the forfeited \$19,569 Minerals West, Inc. reclamation surety, to perform the required onsite reclamation and/or remediation activities.

The Board reserves the right to seek supplemental relief from Minerals West, Inc., within its statutory authority, should the \$19,569 surety not be sufficient to complete the required onsite reclamation and/or hazard remediation activities pursuant to Utah Code Ann. §§ 40-8-8, 40-8-9.

Dated this 13th day of January, 1992

BOARD OF OIL, GAS AND MINING


James W. Carter, Chairman

MR FORM 7a

Page 1 of 6

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
BOARD OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

RECEIVED
APR 02 1980

DIVISION OF
OIL, GAS & MINING

* MINED LANDS RECLAMATION AGREEMENT *
(ESCROW)

THIS AGREEMENT, made and entered into this 23rd day of April, 19 80, between Minerals West, Inc a corporation duly authorized and existing under and by virtue of the laws of Utah as party of the first part, and hereinafter called the Operator, and the Board of Oil, Gas, and Mining, duly authorized and existing by virtue of the laws of the State of Utah, as party of the second part hereinafter called the Board.

WITNESSETH:

WHEREAS, the Operator is the owner and in possession of certain mining claims and/or leases hereinafter more particularly mentioned and described in Exhibit "A" attached hereto.

WHEREAS, the Operator did on the 3rd day of August 19 77, file with the Division of Oil, Gas, and Mining, a "Notice of Intention to Commence Mining Operations: and a "Mining and Reclamation Plan" to secure authorization to engage, or continue to engage, in mining operations in the State of Utah, under the terms and provisions of the Mined Land Reclamation Act, Section 40-8, UCA, 1953;

WHEREAS, the Operator is able and willing to reclaim the above mentioned "lands affected" in accordance with the approved mining and reclamation plan, the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith.

WHEREAS, the Board has considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and costs of the approved reclamation activities planned for the land affected.

WHEREAS, the Board is cognizant of the nature, extent, duration of operations, and the fact that the Operator has been unable to obtain a surety bond.

RECEIVED
MAY 10 1980
DIVISION OF
OIL, GAS & MINING

NOW THEREFORE, for and in consideration of the mutual covenants of the parties by each to the other made and herein contained, the parties hereto agree as follows:

1. The Operator promises to reclaim the land affected in accordance with the approved mining and reclamation plan. The Mined Land Reclamation Act, and the rules and regulations adopted in accordance therewith.
2. The Operator, in lieu of posting a bond or other surety hereby agrees to deposit (\$ 10,000.00) dollars, ~~commencing on the~~ day of 1980, ~~and on the same date each month thereafter~~, in what will be hereinafter referred to as the Escrow Fund, until such time as said Escrow Fund contains (\$ 10,000.00) dollars, excluding interest.
3. The Board, in lieu of the posting of a bond or other surety, agrees to execute an Escrow Agreement with the Operator and any third party designated by said Operator.
4. Upon execution of the Escrow Agreement, the Operator agrees to furnish the Board a copy of each receipt of deposit no later than the 10th day of each month.
5. ~~The Board and the Operator agree that failure by the Operator to make a deposit into the Escrow Fund for any two consecutive months, shall constitute a Breach of Contract and the Board may, after notice and hearing, declare all monies in the Escrow Fund forfeited and request the Attorney General to take the necessary legal actions to enjoin further mining activities by the Operator in the State of Utah.~~

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this 27 day of March 1980.

By: Stephen M. Nelson

ATTEST:

Franklin D. Loman
Secretary

BOARD OF OIL, GAS, AND MINING

By: G. R. Henderson

Note: If the Operator is a corporation, the agreement should be executed by its duly authorized officer with the seal of the Corporation affixed.

* ESCROW AGREEMENT *

IT IS THEREFORE AGREED:

1. Deposit of Escrow Fund. Commencing on the 27 day of 1980, ~~and on the same date each month thereafter, the Escrowee agrees to accept, and the Operator agrees to deposit (\$10,000.00) dollars,~~ the Escrowee agrees to accept, and the Operator agrees to deposit (\$10,000.00) dollars, in what will be hereinafter referred to as the Escrow Fund, until such time as said Escrow Fund contains (\$10,000.00) dollars, excluding interest. All interest earned by the monies in said Fund shall accumulate to the benefit of the Fund until this Escrow Agreement is terminated by mutual consent of the undersigned or disbursement of the Funds therein is ordered by a court of competent jurisdiction.
2. Depository of Fund. The Fund shall be held by the Escrowee in an interest bearing account separate and apart from the personal funds of the Escrowee until such time as the Escrowee receives written direction, with respect to the disbursement of said Fund, together with interest earned thereby, signed by both the Board and the Operator.

3. Disputes. In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with any money, or property involved herein or affected hereby, the Escrowee shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue, and in so refusing, the Escrowee shall not become liable to the undersigned or any of them or to any other person for failure or refusal to comply with such conflicting or adverse demands and the Escrowee shall be entitled to continue to refrain and refuse to act until:
 - (a). the rights of the adverse claimants having been finally adjudicated in a court assuming and having jurisdiction of the parties, the money and property involved herein or affected hereby; and/or
 - (b). all differences shall have been adjusted by agreement and the Escrowee shall have been notified thereof in writing signed by all of the interest parties.
4. Liability of Escrowee. The Escrowee shall not be liable for any error of judgement or for any act done or step taken or omitted by him in good faith, or for any mistake of fact or law or for anything which he may do or refrain from doing in connection herewith, except his own willfull misconduct.
5. Protection of Escrowee. The Escrowee shall be protected in acting upon any notice, request, waiver, consent, receipt of other paper or document believed by the Escrowee to be genuine and to be signed by the proper party or parties.
6. Accounting. The Escrowee shall under no circumstances, be compelled to furnish a formal accounting for the Escrow Fund other than at the end of each calendar or fiscal year, to notify the Board and the Operator as to the date each payment was made into said Fund, the total amount contained therein and the interest accumulated thereby.

7. Fee. The fee of the Escrowee has been fixed by the Operator and the Escrowee under separate agreement. The Escrowee shall not be entitled to any additional fee for services rendered under this agreement.
8. Modification. This agreement may not be altered or modified without the express written consent of the Operator, the Board and the Escrowee.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this 23rd day of

April 19 80.

By: Stacy M. Nelson

ATTEST:


Thomas M. Lynn
Secretary

BOARD OF OIL, GAS, AND MINING

By: C. R. Henderson

STATE OF UTAH)
COUNTY OF San Juan) :ss

On this 23rd day of April, 19 80, personally appeared before me Stephen M. Nielson, who being by me duly sworn did say that he is the President of Minerals West, Inc., a Utah Corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Stephen M. Nielson acknowledged to me that said corporation executed the same.


NOTARY PUBLIC
Residing in Monticello, Utah


My commission Expires:

2-22-82

ACKNOWLEDGMENT

First Security Bank of Utah, N.A.,
the Escrow Agent named in the foregoing Agreement, hereby acknowledges
that there is on deposit at Monticello, Utah
(address)
deposited to the credit of Mineral West Inc. and State of Utah - Department of
Natural Resources
Operator named in the foregoing agreement, in the sum of \$10,000.00
said sum constituting the first installment of the Escrow Fund; that it
is aware of the within agreement, that it agrees to make disbursement of
the proceeds of the within named trust account only within the provisions
of the terms as outlined in said agreement.

FIRST SECURITY BANK

By: 

Manager and Asst. Vice Pres. (Title)
(Escrow Agent)

STATE OF UTAH)
COUNTY OF Utah) :ss

On this 3rd day of May, 19 80, personally appeared before me Elwood Lovell, who being by me duly sworn did say that he is the Manager of First Security Bank of Utah, N.A., a Utah Corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors, and said Elwood Lovell acknowledged to me that said corporation executed the same.


NOTARY PUBLIC
Residing in Monticello, Utah

My Commission Expires:

2-22-82